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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re : **Chapter 11 Case No.**
: **LEHMAN BROTHERS HOLDINGS INC., et al.,:** **08-13555 (JMP)**
: **Debtors :** **(Jointly Administered)**

**OPPOSITION BY ATLANTIC COUNTY UTILITIES AUTHORITY
TO THE DEBTORS' THREE HUNDRED ELEVENTH OMNIBUS OBJECTION
TO CLAIMS (NO LIABILITY DERIVATIVES CLAIMS) – CLAIM 31060 - LBSF**

Atlantic County Utilities Authority (“ACUA”), by and through its counsel of record, hereby files this opposition to the Debtors’ Three Hundred Eleventh Omnibus Objection (the “Omnibus Objection”) to the extent that it seeks to disallow and expunge claim number 31060 (Claim 31060, the “Claim”) of ACUA, on the claim that it provides no basis of liability as to the Debtors’ Chapter 11 Estates (as defined in the Omnibus Objection) and the Chapter 11 Estates do not owe any amount to ACUA based on such Claim.

1. Pursuant to Court order (the “Bar Date Order”), several bar dates were established in these cases, including a July 2, 2009 bar date (the “Bar Date”) for filing proofs of claim and supporting documentation for claims based on Derivatives Contracts (as defined in the Bar Date Order).

2. As the Debtors’ Notice of Hearing on Three Hundred Eleventh Omnibus Objection to Claims (No Liability Derivatives Claims) (the “Notice of Hearing”) acknowledges,

U.S. Bank National Association on behalf of ACUA filed a timely claim by the Bar Date asserting an undetermined amount arising out of certain Derivative Contracts.

3. The Claim arises from a certain Reserve Fund Agreement dated as of March 16, 1995 between and among Lehman Brothers Special Financing, Inc. (“LBSF”), ACUA and First Fidelity, National Association (predecessor to U.S. Bank National Association), as Trustee (the “Agreement”).

4. The Agreement relates to the ACUA’s 1994 Sewer Revenue Bonds and the investment of the monies in a reserve fund related to ACUA’s debt service obligations on the Bonds (the “Investment”).

5. LBSF has a continuing obligation under the Agreement to make the Authority whole upon and in the event of a liquidation of the Investment. LBSF’s obligations under the Agreement were guaranteed by Lehman Brothers Holdings Inc. (“LBHI”) pursuant to the Guarantee dated March 16, 1995 and secured by a Master Pledge Agreement also dated March 16, 1995.

WHEREFORE, for the reasons set forth herein, ACUA requests that the Court deny the Omnibus Objection with respect to the subject Claim and provide ACUA with all further relief as is just and proper.

Dated: New York, New York
July 13, 2012

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